

Message Text

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ACTION EUR-25

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FRB-03 TRSE-00 XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 8420

INFO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: EGIN, BU

SUBJECT: PROGRESS REPORT ON FIVE-YEAR PLAN - FIRST HALF 1974

1. SUMMARY: FIVE-YEAR PLAN PROGRESS REPORT FOR FIRST HALF 1974 CLAIMS "NEW SUCCESSES" AND ACCELERATED DEVELOPMENT UNDER WIDENING ECONOMIC "INTEGRATION" WITH USSR. FORMAT OF REPORT, HOWEVER, IS NOT CONDUCIVENUO SERIOUS ANALYSIS AND CLAIMS OF SUCCESS ARE TEMPERED BY SIGNIFICANT OMISSIONS AND ADMITTED PRODUCTION SHORTAGES. LATTER APPLIES MAINLY TO CONSUMER ITEMS, PARTICULARLY CERTAIN FOODSTUFFS AND ITEMS OF CLOTHING. REPORT ALSO SLIDES OVER PROBLEMS IN OTHER AREAS, MOST OBVIOUSLY IN CHEMICAL INDUSTRY, CONSTRUCTION AND AGRICULTURE. END SUMMARY.

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2. MINISTRY OF INFORMATION AND COMMUNICATIONS REPORT ON FIVE-YEAR PLAN PROGRESS DURING FIRST HALF OF 1974 CLAIMS "NEW SUCCESSES" AND ACCELERATED RATES OF DEVELOPMENT ACHIEVED UNDER "WIDENING ECONOMIC INTEGRATION WITH SOVIET UNION AND OTHER SOCIALIST COUNTRIES". REPORT--AS IT APPEARED IN PRESS--IS NOT COMPREHENSIVE, BUT RATHER A GENERAL NARRATIVE SUFFUSED WITH PERCENTAGE COMPARISONS WITH PLAN AND WITH STATUS AT END OF FIRST HALF 1973 FOR RANDOM CATEGORIES AND ITEMS. STRUCTURE OF REPORT AND GENERAL LACK OF BASIC FIGURES MAKES SERIOUS ANALYSIS DIFFICULT AND CLAIMS OF SUCCESSES DIFFICULT TO EVALUATE.

3. REPORT REFLECTS NO INFLATION FACTOR, ALTHOUGH DESIGNATION AT ONE POINT "AT CURRENT PRICES" INDICATES CERTAIN RECOGNITION OF INFLATION. REPORT DOES LIST WAGE INCREASES, BUT AS THEY ARE LESS THAN REPORTED INCREASE IN PRODUCTIVITY, THEY WOULD PRESUMABLY BE REGARDED AS NON-INFLATIONARY. ANNOUNCED PENSION INCREASES APPEAR INDICATIVE OF--AND CONTRIBUTIVE TO--INFLATION. WITH INCLUSION OF REASONABLE INFLATION FACTOR, REPORTED GROWTH WOULD BE CONSIDERABLY LESS IMPRESSIVE.

4. SINGLE REFERENCE TO FOREIGN TRADE SHOWS EXPORTS AS EXCEEDING PLAN BY 3.9 PNCE, BEING UP 11.5 PNCT OVER SAME PERIOD 1973. INTERESTINGLY ENGLISH LANGUAGE SOFIA NEWS ABSTRACT SHOWS "FOREIGN TRADE" (PRESUMABLY EXPORTS AND IMPORTS) UP 19 PNCT INDICATING POSSIBLE DISPROPORTIONATE INCREASE IN IMPORTS. LATTER WOULD SUPPORT REMARK BY EASTERN EUROPEAN OBSERVER HERE THAT BULGARIANS HAVE "OVER-EXTENDED THEMSELVES" AND ARE PAYING FOREIGN DEBTS WITH ENFORCED DOMESTIC SHORTAGES.

5. LATTER REMARK APPLIES IN PARTICULAR TO AGRICULTURE. REPORT ADMITS SHORTAGES OF CERTAIN FOODSTUFFS WHILE CLAIMING SUBSTANTIAL PRODUCTION INCREASES. MEANWHILE, PURCHASER WAITING LINES ARE--ACCORDING TO EXPERIENCED OBSERVERS--LONGER THAN THEY HAVE BEEN IN RECENT YEARS, WITH QUALITY FRESH FRUITS AND VEGETABLES AND MEATS IN SHORT SUPPLY OR NOT AVAILABLE. IN ANOTHER APPARENT CONTRADICTION, GOVERNMENT CONTINUES MASSIVE PRESS LIMITED OFFICIAL USE

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CAMPAIGN LM COUNTERACT EFFECTS OF "DROUGHT" WHILE PUBLISHING CONFLICTING CLAIMS ON AGRICULTURAL PRODUCTION.

6 ACKNOWLEDGED PROBLEMS IN INDUSTRY ALSO BELIE OPTIMISTIC TONE OF REPORT. SITUATION IN CHEMICAL INDUSTRY BECAME SO BAD THAT MASSIVE HIGH-LEVEL CHANGES HAVE BEEN MADE IN THE MINISTRY OF CHEMICAL INDUSTRY (SEE SOFIA 1131 AND 1163). REPORT ADMITS OTHER SIGNIFICANT SHORTFALLS AND GOVERNMENT

ON AUGUST 4 INITIATED CAMPAIGN TO CONSERVE MATERIALS ANJ
3,34&6.

7. REPORT EMPHASIZES INCREASED LABOR PRODUCTIVITY AS
INSTRUMENTAL IN GAINS OVER 1973 IN ALL FIELDS EXCEPT
AGRICULTURE. REPORTED INCREASED LABOR PRODUCTIVITY
(11.4 PNCT ABOVE FIRST HALF 1973) IS IN ACCORDANCE WITH
MAIN DIRECTIVE OF PLAN FOR 1974 AND MAKES PARTY IDEO-
LOGISTS LOOK GOOD. HOWEVER, PRODUCTIVITY PROBLEMS
MAY WELL HAVSNLED TO THE DOWNFALL OF POLITBURO CANDI-
DATE MEMBER KOSTADIN GYAUROV AND HIS REPLACEMENT AS
CHAIRMAN OF CENTRAL COUNCIL OF BULGARIAN TRADE UNIONS
(SOFIA 1163).

8. BRIEF SUMMARIES OF SIX CATEGORIES OF REPORT FOLLOW:

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9. INDUSTRY. TOTAL INDUSTRIAL PRODUCTION WAS OVERFILLED BY .2 PNCT BUT WAS 8.1 PNCT HIGHER THAN FIRST HALF 1973. LABOR PRODUCTIVITY (EXCLUSIVE OF AGRICULTURE) WAS 4.2 PNCT ABOVE PLAN, UP 11.4 PNCT FROM 1973, AND WAS CREDITED WITH 72 PNCT OF INCREASED IN INDUSTRIAL PRODUCTION. UNEVENNESS INDICATED BY STATEMENT THAT 42 PNCT OF TOTAL GROWTH OF STATE INDUSTRY CAME FROM MACHINE-BUILDING AND METAL-WORKING SECTORS ONLY. STATE ECONOMIC ORGANIZATIONS CITED AS ACHIEVING GREATEST PLAN OVERFULFILLMENT WERE IN FIELDS OF PLASTICS, MACHINE BUILDING FOR CHEMICAL INDUSTRY, LUMBER, HEAVY MACHINE BUILDING, TEXTILES, COMPUTERS, STONE AND BUILDING MATERIALS, AGRICULTURAL EQUIPMENT REPAIR, WINE, MILK, AND FORAGE. ORGANIZATIONS FAILING TO MEET PLAN BY GREATEST MARGIN WERE IN ELECTRICAL ENERGY, HYDRAULICS, FARM MACHINERY, GLASS AND FINE CERAMICS, LIFT VEHICLES, AND HEAVY LIMITED OFFICIAL USE

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CHEMICAL INDUSTRIES.

10. AGRICULTURE. SECTION HIGHLIGHTS CONSTRUCTION OF IRRIGATION SYSTEMS FOR 225,000 DECARES, 2.2 TIMES THAT CONSTRUCTED DURING FIRST HALF 1973. PUBLIC FARMS ARE CREDITED WITH OVERFULFILLING PLANS FOR PLANTING OF WHEAT, RICE, ORIENTAL TOBACCO, SUGAR BEETS, TOMATOES, PEPPERS AND POTATOES. ACTUAL SOWN AREAS FOR MOST OF FOREGOING PLUS CORN, BARLEY, BEANS, AND SUNFLOWERS WERE GREATER THAN 1973. CATTLE PRODUCTION WAS UP 3.4 PNCE, MILK PRODUCTION 6.4 PNCE AND EGG PRODUCTION 3.9 PNCT. REPORT TAKES NOTICE OF UNFAVORABLE WEATHER CONDITIONS (SOFIA 1179) BUT MAINTAINS THAT SECOND CROPS WILL ASSURE ADDITIONAL PRODUCTION.

11. CONSTRUCTION WORKS AND CAPITAL INVESTMENT. ASSIGNED CONSTRUCTION WORK IS SHOWN AS FALLING .4 PNCT BELOW PLAN BUT STILL BEING 11.2 PNCT ABOVE 1973. CONSTRUCTION OF HOUSING WAS 20.8 PNCT HIGHER THAN 1973, BUT STILL 1.8 PNCT BELOW PLAN. COMPLETION WAS ALSO ANNOUNCED OF FIRST STAGE OF USSR-BULGARIAN GAS PIPE LINE AND SCHEDULED STAGES OF ATOMIC POWER PLANT AT KOZLODUI AND OTHER ENERGY PROJECTS. IMPROVED LABOR PRODUCTIVITY IS CREDITED FOR 82.1 PNCT OF CONSTRUCTION GROWTH. CAPITAL INVESTMENT -- MAINLY FOR WIDENING THE BASE OF MATERIAL PRODUCTION -- REACHED 1637 MILLION LEV.

12. TRANSPORT. LOADS TRANSPORTED BY PUBLIC CARRIERS WERE UP 14.7 PNCT OVER LAST YEAR, BUT STILL .1 PNCT BELOW PLAN. PASSENGER TRANSPORT WAS UP 10.5 PNCT. SUBSTANTIAL ADDITIONS OF NEW EQUIPMENT WAS REPORTED AS WELL AS INCREASED LABOR PRODUCTIVITY OF 3.8 PNCT FOR RAILWAY, 7.4 PNCT FOR AUTOMOBILE, AND 18.8 PNCT FOR SEA TRANSPORT.

13. COMMUNICATIONS. IMPROVEMENT IN THE UNIFIED COMMUNICATIONS NETWORK ARE CITED, INCLUDING SIGNIFICANT EXTENSIONS OF TELEPHONE, TELEX, RADIO AND TELEVISION SERVICES.

14. LIVING STANDARD. INCREASED LABOR PRODUCTIVITY WAS REWARDED WITH INCREASE OF AVERAGE WAGE IN INDUSTRY BY LIMITED OFFICIAL USE

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3.2 PNCT, AND INCREASES WERE ALSO GIVEN TO 350,000 PENSIONERS. IN A REDUCTION OF WORKING HOURS, ADDITIONAL 383,000 WORKERS CONVERTED TO FIVE-DAY WORK WEEK. RETAIL TURNOVER WAS UP 9.4 PNCT OVER FIRST HALF 1973, BUT DESPITE INCREASED SALES, REPORT ADMITS DEMAND FOR MEAT AND MEAT PRODUCTS, EARLY FRUITS AND VEGETABLES, SOME VARIETIES OF COTTON AND WOOLEN FABRICS, KNITWEAR, SOCKS, SPORTS ARTICLES, BUILDING MATERIALS, AND SPARE PARTS FOR AUTOMOBILES COULD NOT BE MET. ALSO PLAN FOR COMPLETING HOUSING DURING FIRST HALF OF 1974 NOT FULFILLED.
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